Volume No. 1 - Policies & Procedures	TOPIC NO.	50440
Function No. 50000 — Payroll Accounting	TOPIC	SAVINGS BONDS
Section No. 50400—Deductions	DATE	October 2004

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Overview

Introduction

Employees paid on a semi-monthly or monthly basis may purchase SERIES EE and/or SERIES I U.S. Savings Bonds through post-tax payroll deduction. Deduction amounts may be equal to, larger than, or less than the purchase price of the Savings Bond. Employees are responsible for understanding the implications of bond ownership.

Bond Process

As payrolls are processed the funds collected pursuant to Savings Bond payroll deductions are posted to a suspense account. When the amount deducted from an employee's pay causes the bond balance to equal or exceed the bond purchase price the funds and a tape listing the pertinent bond information is transferred to the Federal Reserve Bank. The Federal Reserve prints and mails Savings Bonds to the designated owner.

Series I Bonds

Series I Bonds are sold at face value and grow in value with inflation-indexed earnings for up to 30 years. The minimum purchase amount is \$50; however, the employee can choose any amount to be deducted from their pay per pay period. Two deductions have been designated for Series I bond purchases as follows:

Deduction #	Deduction Name	Available Denominations
052	I-BOND1	"I" Bonds, \$50; \$75; \$100; \$200 Face Value
053	I-BOND2	"I" Bonds, \$50; \$75; \$100; \$200 Face Value

Series EE Bonds

Series EE bonds are sold at one-half the face value of the bond. As this interest accrues, the value of the bond increases. The minimum purchase amount is \$50 per pay period; however, the employee can choose any amount to be withheld from their pay per pay period. Four deductions have been designated for Series EE bond purchases as follows:

Deduction	Deduction	Available
#	Name	Denominations
054	EEBOND1	"EE" Bonds, \$100; \$200; \$500; \$1,000 Face Value
055	EEBOND2	"EE" Bonds, \$100; \$200; \$500; \$1,000 Face Value
056	EEBOND3	"EE" Bonds, \$100; \$200; \$500; \$1,000 Face Value
057	EEBOND4	"EE" Bonds, \$100; \$200; \$500; \$1,000 Face Value

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Bond Data Entry

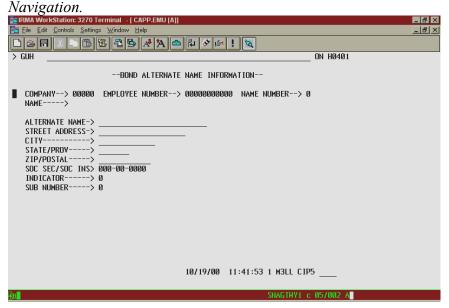
Authorization

To establish or change individual bond deduction amounts, employees must complete a Savings Bond Authorization Card. Savings Bond Authorization Cards are routinely revised but earlier versions may be used. Once the card is completed, it is submitted through normal procedures for processing by the agency payroll department. The payroll officer is responsible for:

- Reviewing the card for completeness.
- Beginning the deduction when directed.
- Filing the card for future reference and/or audit.

H0401, Bond Alternate Name Information

Upon receipt of the authorization card, access the H0401 and use the appropriate sub-command as discussed in CAPP Topic No. 50110, CIPPS



NAME NUMBER

Enter a value from 1 to 9 identifying the Alternate Name and Address. CIPPS provides for up to 9 different Alternate Names for each employee. See the Sub Indicator field for information on how the Name Number is used in the Sub Indicator field when the employee is not a designated bond owner.

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Bond Data Entry, Continued

H0401, continued

COMPANY Enter the agency number preceded by two zeros.

EMPLOYEE Enter the NUMBER number

Enter the employee number (usually the social security number followed by two zeros).

ALTERNATE NAME Enter the name of the individual, whom the purchaser has designated as co-owner, or beneficiary.

STREET ADDRESS, STATE/PROV, ZIP/POSTAL Enter the address information <u>only</u> if the bond is to be mailed to an address other than the address on the employee's masterfile record.

SOC SEC/SOC INS

Enter the Social Security number of the owner, co-owner or beneficiary designated by the employee.

INDICATOR

Enter the value indicating how the employee and/or bond Alternate Name is to be used by the bond routine.

Value	Prints the		
0	Employee	name as owner. (DEFAULT)	
1	Alternate	Co-owner with the employee.	
2	Name	Beneficiary of the employee.	
3	as	Owner.	
4	Owner and the employee as beneficiary.		
5	Owner and the employee as co-owner.		
6		Owner and an Alternate Name	Beneficiary
7		from another H0401 screen	Co-owner
		(designated by the value in the	
		Sub Number field) as,	

SUB NUMBER

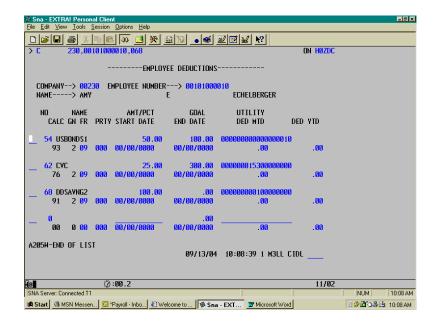
Enter a value from 1 to 9 identifying an Alternate Name Number (H0401 screen) containing beneficiary/co-owner data. Use Sub Numbers only in conjunction with Indicator field values of 6 or 7, which are associated only with bonds that are not owned by the employee.

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Bond Data Entry, Continued

H0ZDC, Employee Deductions Once H0401 is complete, navigate to the employee's H0ZDC (Employee Deductions) screen to set-up the bond deduction. Access the H0ZDC and use the appropriate sub-command as discussed in CAPP Topic No. 50110, *CIPPS Navigation*.



NO Enter the appropriate three-digit deduction

number.

EE Bonds	I Bonds
054, 055, 056, 057	052, 053

AMT/PCT Enter the deduction amount to be withheld to 2

decimals.

GOAL Enter the bond purchase amount based on the

bond type. See available purchase amounts in

the Overview to this topic.

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Bond Data Entry, Continued

H0ZDC, Employee Deductions

UTILITY

(OPTIONAL)

(OPTIONAL)

Enter the appropriate values in utility positions 1 and 2. Do not enter anything in fields 3-7.

Position	Description
1	A value of zero (0) indicates the deduction
	is an amount rather than percent.
2-16	Must contain all zeroes.
17	A value of zero (0) indicates no Bond
	Alternate Name Information is required.
	A value of 1-9 specifies the Bond
	Alternate Name Number to be applies.
18	Must contain a zero.

Note: Bond Balances are accumulated in positions 11-16 (DO NOT TOUCH)

CALC, *GN* These fields are displayed by the system when

the screen is complete and the Enter key is

pressed.

FR Enter the deduction frequency. Typically 09

(semi-monthly) for bonds.

PRTY Do not enter information

START DATE Enter the beginning date for the deduction. Enter

as MM/DD/YYYY. The deduction will begin during the first payroll period when the date is

during the mist payron period when the de

less than the CTL period end date.

END DATE Enter the cut-off date for this deduction. Enter as

MM/DD/YYYY. The deduction will end during the payroll period when the date is less than the

CTL period begin date.

DED MTD Do not enter. Automatically updates each time

DED YTD the deduction is taken.

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Bond Reports

Bond Reports

Descriptions of reports are provided to monitor employee bond deductions and purchases follows:

Report/Name	Description		
21, Employee Within	Lists each employee who had this deduction withheld, the		
Deduction	amount of the current deduction, month and year-to-date		
	amounts, and utility field. Important verification report.		
30, Series EE	Displays employees purchasing bonds and the total number		
Bond Register as of	of bonds purchased by bond denomination and		
	organization code. Prior balance, current deduction,		
	purchase amount (if bond is purchased in period), and		
	ending balance are shown. If an employee is purchasing a		
	bond with the current deduction, a fictitious serial number		
	is listed. Important verification report.		
36, Series II Bond	Same as above for Series I bonds. Note: Certain CIPPS		
Register as of	Series I bond reports are identified as Series "II."		
U064, Series I Savings	This report is issued to agencies whose savings bond		
Bond Error Report	information contains errors.		
U066, Series EE	Same as above for Series EE bonds.		
Savings Bonds Error			
Report			

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Terminations

Termination Refunds

When an employee terminates or transfers to another agency and there is a bond purchase balance in the positions 11 to 16 of the utility field, a refund must be given to the employee. On the last pay to the employee turn off the deduction and the balance will be refunded automatically to the employee. If the employee is not due any further regular pay, enter a \$.01 (one penny) transaction on Time and Attendance and the balance will automatically be refunded. A review of bond balances should be included in all termination checklists.

In order for a savings bond refund to process, the deduction frequency must be changed to "00" while processing regular pay for the employee. Pay the employee one cent (\$.01) in order to process the refund through CIPPS if the employee is not due any further regular payment.

If a system refund cannot process, contact the DOA Payroll/Benefits Accounting Unit to initiate a manual refund.

Internal Control

Internal Control

Agencies must verify that CIPPS bonds information is complete, properly authorized, and entered accurately into the system.

Records Retention

Time Period

For deduction overrides, the Input Transaction Listing, Report 1001, and the Transaction Batch Balance Summary, Report 1005, must be retained for 60 days. All other reports should be retained for five (5) years or until audited, whichever is later. Agency policy and procedures determine the retention of the related agency source documents/records. See CAPP Topic No. 21005, *Records Retention and Disposition*.

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Contacts

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E-mail: Payroll @doa.virginia.gov

Payroll Business Analyst/Trainer

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Subject Cross References

References CAPP Topic No. 21005, Records Retention and Disposition

CAPP Topic No. 50110, CIPPS Navigation